



State of Wisconsin
Department of Health and Family Services

Jim Doyle, Governor
Helene Nelson, Secretary

Nursing Home Supplement

	FY 04		FY 05	
	SEG	All Funds	SEG	All Funds
MA Expenditures	\$(16,634,000)	\$(16,634,000)	\$(16,634,000)	\$(16,634,000)
IGT revenue gain = SEG savings	\$(23,366,000)	\$(23,366,000)	\$(23,366,000)	\$(23,366,000)
Net Change	\$(40,000,000)	\$(40,000,000)	\$(40,000,000)	\$(40,000,000)

Description of Proposal

- Reduce annual supplemental payments to county and municipal nursing homes to \$37,100,000 from the current \$77,100,000 level.

Background

- Nursing homes owned and operated by a county, city, village or town are eligible for supplemental payments totaling \$77,100,000 in each fiscal year.
- Nursing home supplemental payments were established in conjunction with additional federal revenue generated through an intergovernmental transfer (IGT) for nursing home expenditures.
- In FY 01, the state changed its nursing home IGT claim methodology from a claim based on certified losses to a claim based on payments up to an aggregate payment limit. Under the new methodology, the difference between MA payments and the allowable Medicare upper payment limit (MUL) to nursing homes in aggregate is calculated (under federal law MA may not pay nursing homes above the MUL). This amount is transferred from four counties to the state via a wire transfer. The state makes an MA payment to the nursing homes operated by these counties and claims federal MA funding for approximately 60% of the payment.
- This new methodology allowed the Department to significantly increase its federal revenue. Between FY 00 and FY 01, IGT revenues increased from \$105 million to \$373 million (355%).
- Beginning in FY 02, supplemental payments were increased from \$37,100,000 to \$77,100,000 reflecting this significant increase in federal revenue generated through the state's nursing home IGT.
- In December 2000, the federal government changed the IGT law. States are required to phase out their IGT programs that are structured under the old regulations within set time periods.
- Due to the phase-out schedule, Wisconsin's nursing home IGT claims are projected to fall in FY 04 to \$42 million from the FY 03 level of \$327 million, a reduction of \$285 million.

Rationale for Proposal

- County and municipal nursing homes were provided a higher supplemental payment in FY 02 and FY 03 because the nursing home IGT claims for those years increased significantly. In FY 04, IGT claims are projected to decline by 87% to approximately \$42 million. This is below the FY 00 claim amount of \$105 million. This proposal decreases supplements to the level that existed in FY 00 when the claim was \$105 million.
- This proposal does not eliminate supplements to county and municipal homes. It adjusts the supplement to the level it was before the state changed the IGT claim methodology. These homes will still be paid more than private homes that do not get a supplement.